

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 H-01 INR-07 L-03 NSAE-00  
NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 EURE-00 /058 W  
-----281832Z 012671 /43

P R 281745Z DEC 76  
FM AMEMBASSY LISBON  
TO SECSTATE WASHDC PRIORITY 9653  
INFO AMEMBASSY BONN  
AMEMBASSY LONDON  
AMEMBASSY MADRID  
AMEMBASSY MOSCOW  
AMCONSUL OPORTO  
AMEMBASSY PARIS  
AMCONSUL PONTA DELGADA  
USMISSION NATO  
DIA WASHDC  
USCINCEUR VAIHINGEN GER

C O N F I D E N T I A L LISBON 8879

E.O. 11652: XGDS-4  
TAGS: PINT PO  
SUBJECT: ASSEMBLY APPROVAL OF GOVERNMENT PLAN FORESEEN

REF: (A) LISBON 8859 (DTG 271748Z DEC 76), (B) LISBON 8791  
(DTG 221637Z DEC 76)

SUMMARY: THE SOCIALIST GOVERNMENT HAS APPARENTLY ASSURED THE  
PASSAGE OF ITS BUDGET AND PLAN DEC 28 IN A DEAL WITH THE CDS. THE  
PSD IS STILL THREATENING TO VOTE AGAINST THE PLAN, BUT THE GOVERNMENT  
HAS THE VOTES TO ASSURE ASSEMBLY APPROVAL. END SUMMARY.

1. CDS TO SUPPORT GOVERNMENT: CDS SECRETARY GENERAL  
BASILIO HORTA TOLD EMBOFF DEC 28 THAT HIS PARTY HAD  
DECIDED TO VOTE FOR THE GOVERNMENT PLAN IN THE ASSEMBLY,  
IF CDS SUPPORT WAS NECESSARY FOR ASSEMBLY APPROVAL.  
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HORTA SAID THE CDS DID NOT WANT TO TOPPLE THE  
GOVERNMENT WHEN A REPLACEMENT GOVERNMENT WOULD NOT INCLUDE THE CDS  
AND COULD ENDANGER DEMOCRACY. IN RETURN FOR CDS COOPERATION,  
SOCIALIST PARTY LEADERS DEC 27 PROMISED THE CDS,  
ACCORDING TO HORTA, REVISIONS IN THE SECTION OF THE  
PLAN DEALING WITH PRIVATE ENTERPRISE, THE LEADING

VOICE IN A STATE-OWNED NEWSPAPER, AND A ROLE IN A COALITION GOVERNMENT LIKELY TO BE FORMED WITHIN A YEAR. HORTA SAID THE PS WOULD ONLY LOSE TWO VOTES FROM ITS OWN PS PARLIAMENTARY GROUP, AND THAT EX-MINISTER LOPES CARDOSO WOULD VOTE FOR THE PLAN. HE SAID PS-CDS COOPERATION WOULD MANIFEST ITSELF OPENLY IN THE ASSEMBLY IN THE COMING MONTHS. HORTA EXPECTED A STRONG REACTION FROM THE CDS RANK AND FILE TO CDS APPROVAL OF THE PLAN AND HOPED THAT A FAVORABLE CDS VOTE WOULD NOT BE NECESSARY.

2. PSD SOUGHT TO INCREASE INFLUENCE: PSD VICE PRESIDENT RUI MACHETE TOLD EMBOFF DEC 27 THAT THE PSD WAS LIKELY TO VOTE FOR THE GOVERNMENT BUDGET, BUT AGAINST THE PLAN. HE SAID THE PSD WAS DISSATISFIED WITH THE LACK OF BENEFITS FOR ITS PREVIOUS SUPPORT OF THE GOVERNMENT. PSD PRESIDENT SA CARNEIRO TOLD THE AMBASSADOR DEC 28 THAT SOARES HAD SAID HE MIGHT NOT EVEN PUT A CONFIDENCE MOTION IF THE PLAN DID NOT PASS - HE MIGHT SIMPLY RESIGN THEREBY PRECIPITATING A CRISIS. SA CARNEIRO THOUGHT THIS STRATEGY WAS A BIT EXTREME, BUT NEITHER MACHETE NOR SA CARNEIRO BELIEVED THAT THE ASSEMBLY VOTE ON THE PLAN WOULD RESULT IN A GOVERNMENT CRISIS.

3. THE PSD CURRENT POSITION: SA CARNEIRO TOLD AMBASSADOR HE HAD PROPOSED TO THE PRESIDENT THAT THE THREE DEMOCRATIC PARTIES, THE PS, PSD AND CDS, GET TOGETHER AND FORM A COMMON PLATFORM OF UNDERSTANDING FOR THE GOVERNMENT. CONTRARY TO WHAT SOARES TOLD AMBASSADOR (REF A), CONFIDENTIAL

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SA CARNEIRO SAID HE DID NOT PROPOSE A COALITION GOVERNMENT. HE HIMSELF HAD NO DESIRE TO ENTER THE SOARES GOVERNMENT, NOR WAS HE ANY LONGER IN FAVOR OF A COALITION. HE WAS WILLING TO ACCEPT SOARES AS PRIME MINISTER. HOWEVER, HE DID FEEL THE NEED FOR A COMMON PROGRAM TO DEAL WITH THE COUNTRY'S PROBLEMS. HE DESCRIBED THE PRESIDENT AS RELUCTANT TO ACCEPT THIS STRATEGY OUT OF CONCERN FOR THE PCP REACTION AND, IN PARTICULAR, THE RISK THAT THE DEMOCRATIC PARTIES WOULD FORFEIT WHATEVER LABOR SUPPORT THEY HAD TO THE PCP.

4. LABOR DIFFICULTIES: SA CARNEIRO ACKNOWLEDGED THAT THE LACK OF LABOR SUPPORT AMONG THE DEMOCRATIC PARTIES WAS A REAL PROBLEM. THIS WAS WHY HIS PARTY HAS GIVEN IT FIRST PRIORITY AND HE ANTICIPATES SOME SPECTACULAR SUCCESSES. HE CRITICIZED THE SOCIALISTS FOR NOT RUNNING WITH THE PSD IN THE

ELECTIONS FOR THE CIVIL SERVICE UNION, BUT ACKNOWLEDGED THAT THIS HAD BEEN DONE BY THE RANK AND FILE AGAINST SOARES' ADVICE. HE EXPRESSED CONCERN THAT THE SOCIALISTS WERE BECOMING A PARTY WHOSE LEADERSHIP WAS FAR TO THE RIGHT OF ITS BASE OF SUPPORT.

4. COMMENT: NEITHER THE PSD NOR THE CDS HAVE FUNDAMENTAL, IDEOLOGICAL OBJECTIONS TO THE BUDGET OR THE PLAN. THE PSD SOUGHT TO INCREASE ITS INFLUENCE BY THREATENING A "NO" VOTE ON THE CRUCIAL VOTE ON THE PLAN. THE SOARES GOVERNMENT, HOWEVER, HOLDS THE CHIPS AND HAS ASSURED THE PLAN'S PASSAGE WITH SUPPORT FROM THE CDS. EVEN IF THE PCP AND THE PSD VOTE AGAINST THE PLAN, CDS AND PS SUPPORT ENSURES THE PLAN'S APPROVAL. THE PS AND THE CDS HAVE A COMMON INTEREST IN SQUEEZING THE PSD IN THE MIDDLE. THE GOOD PERSONAL RELATIONSHIP BETWEEN SOARES AND FREITAS DO AMARAL FACILITATES PS-CDS  
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COOPERATION.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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